

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**HB 2356 – SB 2276**

March 19, 2018

**SUMMARY OF ORIGINAL BILL:** Increases, from 10 to 12 years, the minimum period of time a county assessor of property is required to maintain records of the actions taken by a county board of equalization (CBOE).

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (014335):** Deletes all language after the enacting clause. Authorizes a nonprofit children's hospital located in Knox County to claim and file an application for property tax exemption for up to three years prior to the date of the application or the date the institution began to use the property for exempt purposes, whichever is later. Requires any property taxes collected prior to the effective date of this Act to be refunded.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase Local Expenditures – \$436,000/One-Time/City of Knoxville\***  
**\$2,100/One-Time/Knox County\***

**Forgone Local Revenue – \$376,100/One-Time/Knox County**

Assumptions for the bill as amended:

- No impact on future property tax assessments or exemptions.
- This analysis assumes institutions eligible for a property tax exemption under this legislation will file and be granted an exemption for the previous three years.
- Based on information provided by Knox County, there is one parcel qualifying for a property tax exemption under this legislation located in Knox County and owned by the East Tennessee Children's Hospital.
- The East Tennessee Children's Hospital will file for an exemption in FY17-18.
- Based on information on the City of Knoxville's website, city property taxes have been paid on the parcel in the amount of \$1,248 in FY15-16, and \$1,248 in FY16-17, and \$433,489 in FY17-18.

**HB 2356 - SB 2276**

- This legislation would result in a one-time increase in local expenditures to the City of Knoxville of \$435,985 (\$433,489 + \$1,248 + \$1,248) for repayment of property taxes to East Tennessee Children's Hospital.
- Based on information provided by Knox County, property taxes have been paid in an amount of \$1,063 in FY15-16 and \$1,063 in FY16-17; however, property taxes due in FY17-18 in an amount of \$376,112 have not yet been paid.
- This legislation will result in a one-time increase in local expenditures to Knox County of \$2,126 (\$1,063 + \$1,063) and the one-time forgoing of \$376,112 in local revenue due in FY17-18.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/amj